

Resume for Patty Amador

President and Owner of Ambeck Mortgage Associates since July of 1989.
Mortgage lending history since 1978

Licensing & Approvals:

Licensed as a California Real Estate Broker since 1989
HUD approved Direct Endorsement Underwriter since 1983 #8992
VA approved Automatic Underwriter since 1989

History and General Scope of Ambeck Mortgage Associates

Ambeck Mortgage Associates opened as a correspondent lender in July of 1989 obtaining HUD and VA approvals and warehouse lending lines to graduate to a mortgage banker by October of 1989. The general scope of the operation is to originate and close Conventional and Government insured loans on a retail basis. The company currently operates 2 retail branches with a total of 22 employees, comprised of 12 loan officers, licensed through the California Dept. of Real Estate and 10 salaried support staff.

Affiliations

Member of Mortgage Bankers Association
Member of Mortgage Lenders Association
Member of National Federation of Independent Business
Accredited Member of the Better Business Bureau
Member of Modesto Chamber of Commerce
Member of Turlock Chamber of Commerce
Member of Merced Chamber of Commerce

Patty Amador
Address to the Committee on Financial Services
September 6th, 2008

I would like to start today by thanking you for this opportunity to address the Committee on Financial Services. I appreciate that you are interested in hearing my opinions and I am very grateful that you are concerned about the foreclosure situation and the economic effects on our area.

I was asked to come here today and address this committee as a result of an email I sent to our local Congressional office, and for the attention of Congressman Dennis Cardoza. It was subsequent to the passing of HR3221 and the pending of HR 6694, as they were referred. I would like to share that email with you today:

August 4th, 2008

Hi Lisa-

Hope all is well with you, interesting times in politics. It has come to my attention that there is legislation pending that would revive the use of the Nehemiah and down payment assistance programs, H.R. 6694. I would like to take this time to voice my support for passing this bill. Why? Not because I necessarily agree with the basis of the program. Having been in the mortgage industry for the last thirty years, and being "old school" I believe that homebuyers are better homeowners when they have had to plan their finances and save for the purchase of their homes. Unfortunately, right or wrong, within the last few years we have created a generation of homebuyers who do not financially plan or save for the purchase of a home. This not minimizing the desire to own. Programs, such as Nehemiah as well as many more, have been made available eliminating the need for personal funds. The reason I support the continuation of Nehemiah, at least at this juncture, is that very reason. Potential homebuyers, at least first timers, are not prepared with the money it takes to buy. That doesn't necessarily mean they can't afford or won't make the payment.

I am extremely concerned about the current state of our economy. I believe that if tools, such as Nehemiah, are now eliminated, what recovery we may be experiencing because of affordable home prices will be squashed. This will send our housing situation into further crisis and ultimately further damaging our economy. Regardless of how I may feel about the program, I have to say that I really struggle with the logic, or the lack of taking Nehemiah/DAP off the table at this time, ten years after its inception. If this decision was a measure taken to minimize the default risk, I believe that prudent underwriting practices can offset the majority of risk that may be considered inevitable as a result of down payment assistance. Perhaps this is where we should now put more focus.

I sincerely appreciate your time in considering my concerns and ask that you forward them on to Dennis as well as others who have the opportunity to protect the mainstay of our economy, the housing market.

Patty Amador
Ambeck Mortgage Associates

I do appreciate the efforts of governments, both local and federal, in attempting to resolve this foreclosure crisis. Personally, I don't have much optimism, and I am an optimist, for the success of preventing what I consider to be, for the most part, a train too far down the track. The success of most programs developed to date is predicated on lender cooperation, and perceived value on the part of the homeowner. So far we haven't seen much of either. There is no doubt that some foreclosures will be prevented through the efforts of these programs, but I believe that the true resolve is within what we are seeing and experiencing in renewed interest and activity with new buyers. As devastating as this foreclosure market has been, it has ultimately brought housing prices back down to realistic levels, affordable levels and there is renewed interest in **qualified** homebuyers to purchase homes with stable, traditional loan programs. I believe that we are experiencing a turnaround in the housing market. But as I said in my email to Congressman Cardoza, I am concerned about the attack on and the elimination of programs buyers have grown to rely on. I am concerned about the increases in down payment requirements, increases to closing costs and increases to monthly payments, affected by increased mortgage insurance requirements. Separate from the changes to HUD programs, conventional loan costs continue to increase as well with hits with what is referred to as "risk based pricing". And they have their own program restrictions. Serious, well-qualified investors are being restricted from borrowing if their portfolio exceeds 4 financed properties including their primary residences, a policy HUD has since adopted. Lately, and each day seems to bring changes that limit lending. I won't argue that lending practices and lending programs have definitely contributed to the problem facing us today. Unfortunately, a lot of these financing tools have been pegged as the Villain, the sole cause of this crisis. I can assure you that the mere existence and availability of these programs was not the problem. We have had flexible loan programs in the past, they're a lot of what brought us out of the housing crisis of the early 80's when prime was 22% and mortgage rates were 16 & 17%. In my opinion, the real "Villain" of these programs was their misuse, fraudulent practices, programs placed in the hands of the unethical, greedy and unscrupulous individuals of our industry, and those uneducated in the aspects of lending. When you combine this with a population highly motivated by the dream of homeownership along with the "get rich quick" crowd, you have "motivation meets opportunity" and a formula for the "perfect storm".

My message is that we cannot bring this market back by shutting buyers out by limiting their options or again pricing them out of the market. Now is not the time. Eliminating Down Payment Assistance programs, increasing down payment and closing costs requirements, and increasing monthly payments through increased mortgage insurance premiums will once again make homeownership unaffordable. I do understand the concerns of risk due to no or little money invested, but can we be any worse off than the conditions of today. I believe putting **qualified** buyers together with reasonable but flexible programs, while utilizing **prudent** underwriting, will stabilize values and encourage those who can afford to stay in their home to stay with the hope of regaining value. I believe the result will strengthen our real estate market, our economy and ultimately provide the basis to resolve our foreclosure crisis.

We're here today to discuss and suggest what we believe could mitigate or prevent further foreclosures.

My suggestions to this are:

1. Have the federal government postpone the elimination of Nehemiah, and increasing the down payment requirement on FHA loans for a minimum of at least 2 years.
2. Have local and state entities review the income qualifications of their bond programs with the consideration of increasing the maximum income limits, opening their Down Payment Assistant programs to a wider range of buyers.
3. Require lenders of existing loans, pending foreclosure, to offer modification to the notes of motivated and qualified owners reducing loan balance and respectively their monthly payments based on current market value before they are able to market the property and accept short sale offers at current market value. At their option a silent second can be placed after the modified first. This will give them the opportunity to regain losses up to the amount between the original loan balance and the modified loan amount, while keeping the homeowners to an affordable level.
4. Offer owners, facing the inevitability of losing their home to foreclosure, an incentive to provide the lender a Deed in Lieu of foreclosure. This will eliminate the months of time required to foreclose and ultimately the time to market and sell the property. This will minimize the amount of time properties remain vacant, open to vandalism, with dying yards, and ultimately neighborhood blight.
5. Set a maximum amount of time between the time the lender receives the property back as a result of Deed in Lieu of foreclosure or the foreclosure itself and the time the property is placed on the market for sale. This again will minimize the amount of time the property remains vacant, open to vandalism, dying yards and ultimately neighborhood blight.

Again I thank you for your time, and thank you for this opportunity to participate today.